

A Comparison of Cooperative and Non-Cooperative Legal Structures					
	Cooperatives	Corporations (C or S Corps)	Limited Liability Companies (LLC)	Partnerships (LLP or GP)	Non-Profits
Owners:	Members	Shareholders	Members	Partners	The Public
Are Governed by:	Board	Board	Board	Board	Board
Voting Rights:	One Member / One Vote	Usually Determined by Capital Share	Usually Determined by Capital Share	Usually Determined by Capital Share	Board or Members
Distribution of profit:	On Basis of Business with the Co-op / profit returned in proportion to use of the Co-op	Usually Determined by Capital Share	Usually Determined by Capital Share	Usually Determined by Capital Share	NA
Capital Contribution:	Determined by by-laws, usually each member purchases one share in the Co-op	Determined by by-laws, can be equal or unequal	Determined by Operating Agreement, can be equal or unequal	Determined by Partnership Agreement, can be equal or unequal	NA
Purpose of the Business:	To meet the needs of members for goods and services	To earn a return on the shareholder's investment	To earn a return on the member's investment	To earn a return on the Partner's investment	To carry out educational and charitable activities
Capitilization:	Member contribution; sale of preferred stock (return is limited); debt including member loans and retained earnings	Shareholder investment; debt; retained profits	Member investment; debt; retained profits	Partner investment; debt; retained profits	Tax deductible contributions and grants
Taxation	Co-op pays tax on unallocated equity and non-qualified deferred patronage/ Member (other than members of food co-ops) pay tax on cash distributions and qualified allocated equity.	In a C corp, Corp pays tax on profits, shareholders pay tax on dividends. In an S Corp, shareholders pay tax on profits and capital gains.	LLC can choose to be taxed as a partnership (tax paid by members) or as a corporation	Partners pay tax on their share of profits and capital gains.	NA
Limited Liability:	Risk is limited to member's investment in the co-op	Risk is limited to shareholder's investment in the corporation	Risk is limited to member's investment in the LLC.	Partners in a general partnership are liable for the debts and other liabilities of the partnership; In a limited liability partnership, risk is limited to partner's investment in the business.	Risk is limited to the assets in the non-profit.